



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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SACHI A. HAMAI  
Chief Executive Officer

May 25, 2016

To: Supervisor Hilda L. Solis, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From:

Sachi A. Hamai  
Chief Executive Officer

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **RESPONSE TO A MOTION BY SUPERVISORS RIDLEY-THOMAS AND KUEHL RESPONDING TO THE PUBLIC'S CALL TO ADDRESS THE HOMELESSNESS CRISIS WITH AN AMENDMENT BY SUPERVISOR KUEHL (MAY 17, 2016, AGENDA ITEM NO. 5)**

On May 17, 2016, the Board directed the Chief Executive Officer to evaluate the impact, if any, of the proposed County tax on personal income above \$1 million/year to combat homelessness on the bond issuance concept proposed by the Senate and endorsed by the Governor, and to report back in 14 days at the Board Meeting on May 31, 2016.

On January 4, 2016, Senate President pro Tempore Kevin De León and a bipartisan coalition of Senators announced a homeless initiative titled: "No Place Like Home" which would securitize up to an estimated \$130 million in annual Proposition 63, Mental Health Services Act (MHSA) funds to provide up to \$2 billion in bond revenues for the acquisition, design and construction of permanent supportive housing for chronically homeless persons with mental illness. The bonds would be repaid over 20-30 years from MHSA revenues. To date, the Senate has not introduced legislation to enact "No Place Like Home." More details are expected to be released as part of the State Budget negotiations.

On May 13, 2016, Governor Brown released his May Revision in which he endorsed the \$2 billion bond component of "No Place Like Home." The Administration proposed that bond funds available from "No Place Like Home" be administered by the State Department of Housing and Community Development.

On May 19, 2016, the County took a support position on the "No Place Like Home" proposal. On May 24 2016, the Senate Budget Fiscal and Review Committee approved this proposal, which is now expected to be considered by the Budget Conference Committee for inclusion in the FY 2016-17 State Budget. Funds would be divided into categories based on county size and would be distributed in at least four separate grant rounds over several years for "No Place Like Home."

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The County's millionaires' tax is not predicated on the enactment of "No Place Like Home" and vice-versa, though the two proposals are complementary:

- The "No Place Like Home" proposal repurposes MHSA funds from a current, voter-approved one percent state tax on personal income above \$1 million to increase the supply of permanent supportive housing for chronically homeless individuals with a mental illness.
- The County's tax initiative would seek an amendment to State law authorizing counties to seek voter approval to impose a local income tax on the same personal income subject to the MHSA tax – personal income in excess of \$1 million/year. However, the County's income tax would not be limited to serving chronically homeless individuals with mental illness, and would not be specifically for capital expenditures.

The 2015 and 2016 Homeless Counts conducted by the Los Angeles Homeless Services Authority showed that approximately 30% of the homeless population in Los Angeles County is mentally ill. Revenue from the County's tax initiative on millionaires could be used to serve all homeless individuals and families within the County, including but not limited to the 30% who are mentally ill.

Revenue from the County's proposed tax initiative would complement the Senate's "No Place Like Home" initiative. The \$2 billion "No Place Like Home" bond proposal is exclusively focused on funding for capital development for permanent supportive housing, while the revenue from the County's tax initiative could be used to complement "No Place Like Home" by funding rental subsidies and supportive services for mentally ill homeless individuals placed in permanent supportive housing, in addition to rental subsidies and services for other homeless families and individuals. Revenue from the County initiative could also be used for capital expenditures to increase the availability of permanent housing for homeless families and individuals.

In summary, there does not appear to be any impact on "No Place Like Home" from the County's proposed tax initiative. If you have any questions, please contact Phil Ansell, Director of the Homeless Initiative, at (213) 974-1752, or at [pansell@ceo.lacounty.gov](mailto:pansell@ceo.lacounty.gov).

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